Presentation to Norwegian Offshore Oil and Gas Delegation

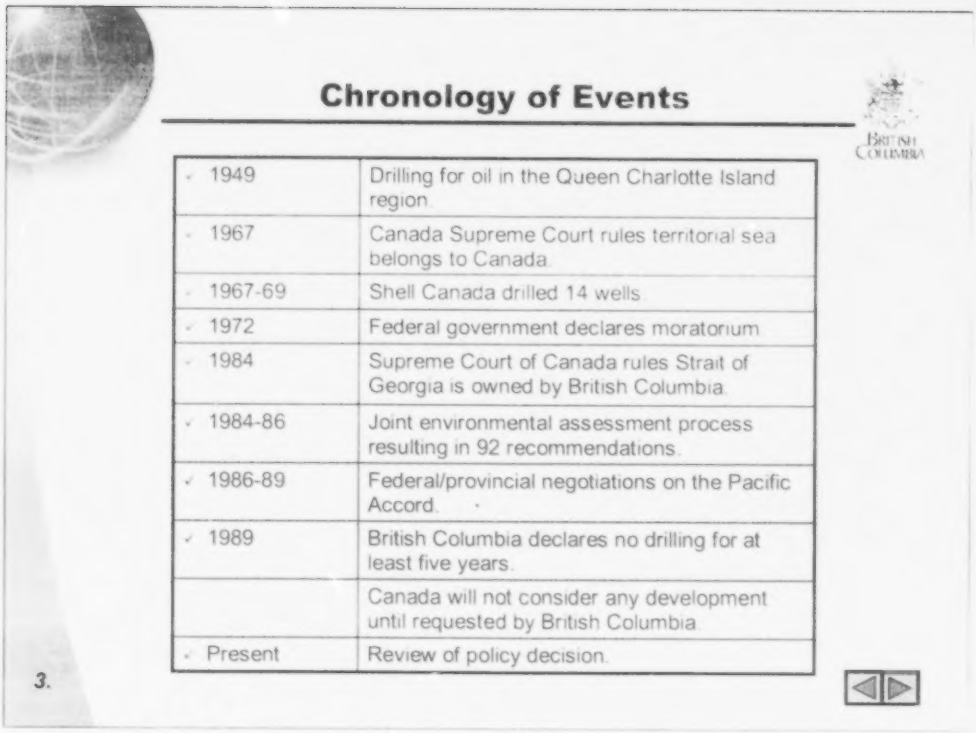
November 18, 2002

Victoria, British Columbia

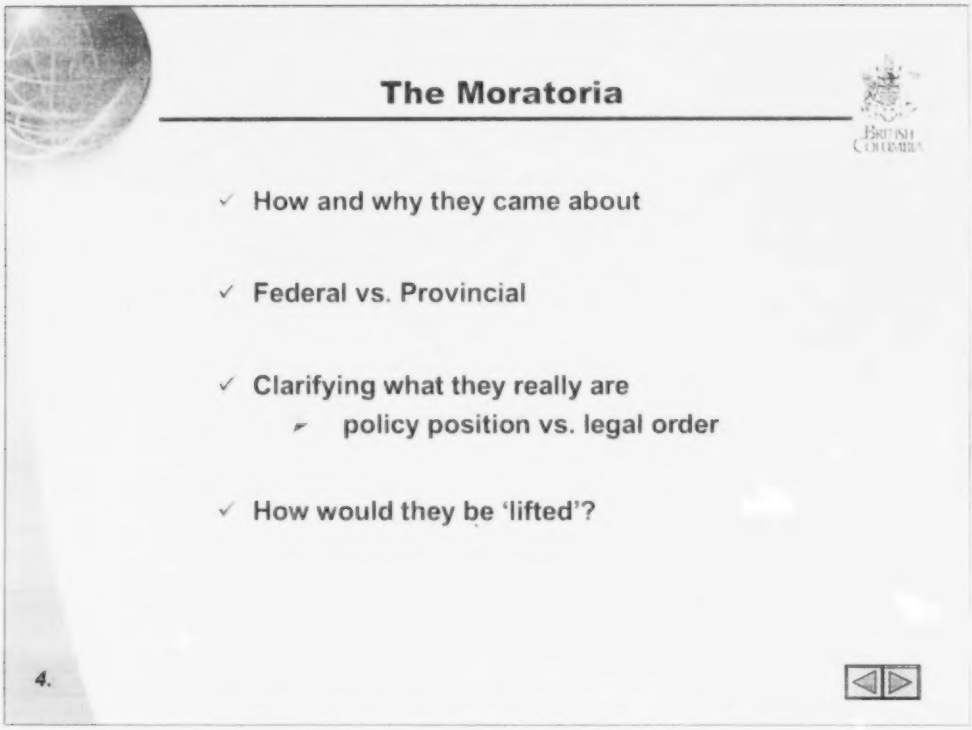
- Four separate basins (Queen Charlotte, Winona, Tofino and Georgia)

- Estimated 42 trillion cubic feet of natural gas and 9.8 billion barrels of oil.

- Potential total downstream benefit of in excess of $500 billion. Could contribute direct GDP of $3 billion annually to the Province.


Chronology of Events
BRITISH COLUMBIA
1949
Drilling for oil in the Queen Charlotte Island region.
1967
Canada Supreme Court rules territorial sea belongs to Canada.
1967-69
Shell Canada drilled 14 wells.
1972
Federal government declares moratorium.
1984
Supreme Court of Canada rules Strait of Georgia is owned by British Columbia.
1984-86
Joint environmental assessment process resulting in 92 recommendations.
1986-89
Federal/provincial negotiations on the Pacific Accord.
1989
British Columbia declares no drilling for at least five years.
Canada will not consider any development until requested by British Columbia.
Present
Review of policy decision.
3.

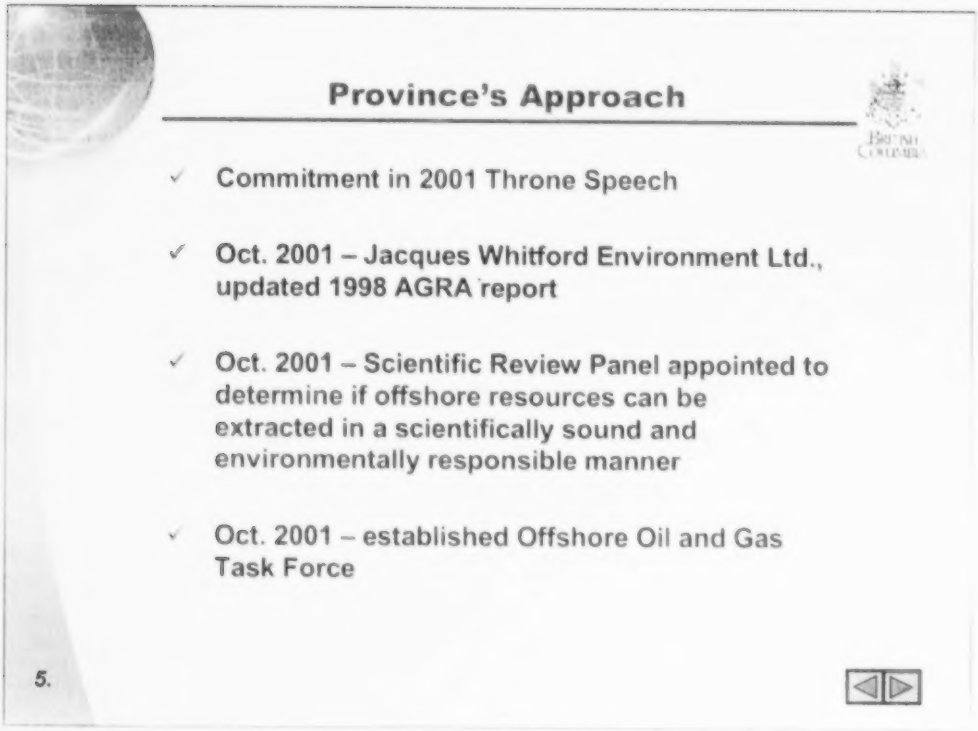
- This is a very brief chronology of how we got to where we are today.
- The complete history is a lot more detailed.
- Whether you're referring to the Federal moratorium or the Provincial moratorium, there has been no mechanism to allow for activity since 1972.
- Exploration dates back to the late 40s. Between 1967 and 1969, Shell Canada drilled 14 wells from Barkley Sound north through Queen Charlotte Sound and Hecate Strait.
- Since then, there has been no activity.
- Federal offshore tenures outside the Strait of Georgia were issued to Shell, PetroCanada, Chevron, Mobil, Unocal, Gulf, Intercoast Resources Group and the Offshore Oil and Gas Corporation.
- Provincial tenures were issued over the Strait of Georgia to Haida Resources and Gulf.



- In 1972, the Government of Canada made a policy decision that no new exploration permits or programs would be issued for the West Coast offshore and to suspend all work obligations under existing permits. This decision is known as the Federal moratorium.

- In the midst of negotiating a Pacific Accord with the Federal Government, oil spills in Washington and Alaska (Exxon Valdez) led British Columbia to make a policy announcement in 1989 that it would not support offshore drilling for at least five years. This policy became known as the Provincial moratorium. Either government may remove its moratorium simply by announcing a policy shift or by indicating a willingness to consider applications for exploration.

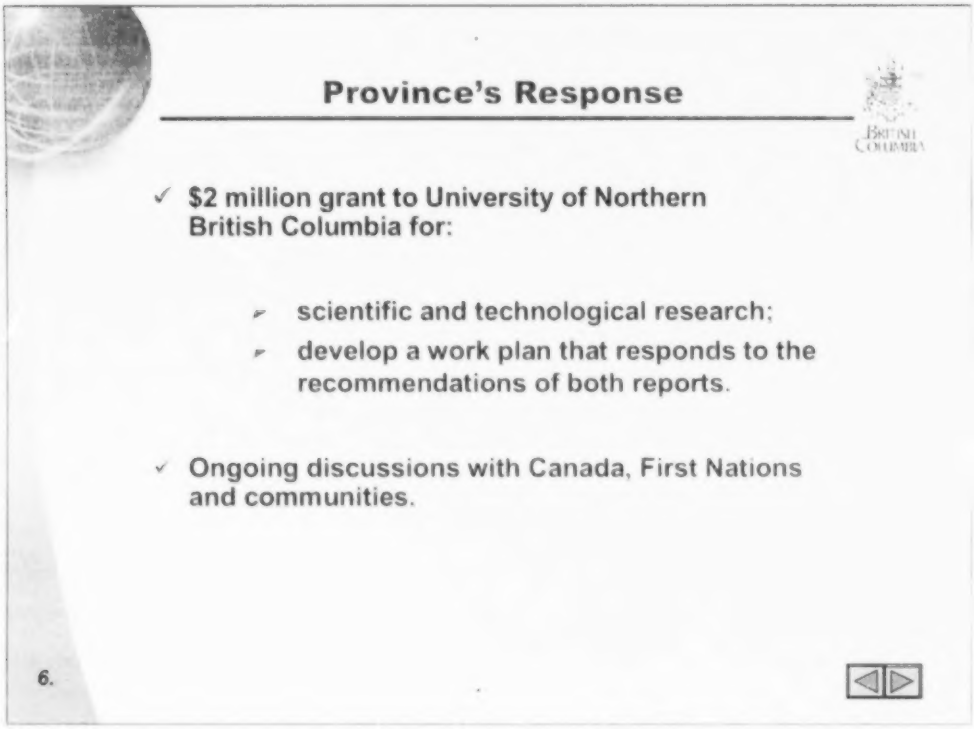
- However, removing the moratoria is only a first step, as neither government has a process to review and approve development proposals.


Province's Approach
Commitment in 2001 Throne Speech
Oct. 2001 – Jacques Whitford Environment Ltd., updated 1998 AGRA report
Oct. 2001 – Scientific Review Panel appointed to determine if offshore resources can be extracted in a scientifically sound and environmentally responsible manner
Oct. 2001 – established Offshore Oil and Gas Task Force
5.

- Since 2001, the Province has taken several major steps in advancing this issue.

- The Scientific Review Panel report concluded there are no scientific reasons to maintain a blanket coastwide moratorium.

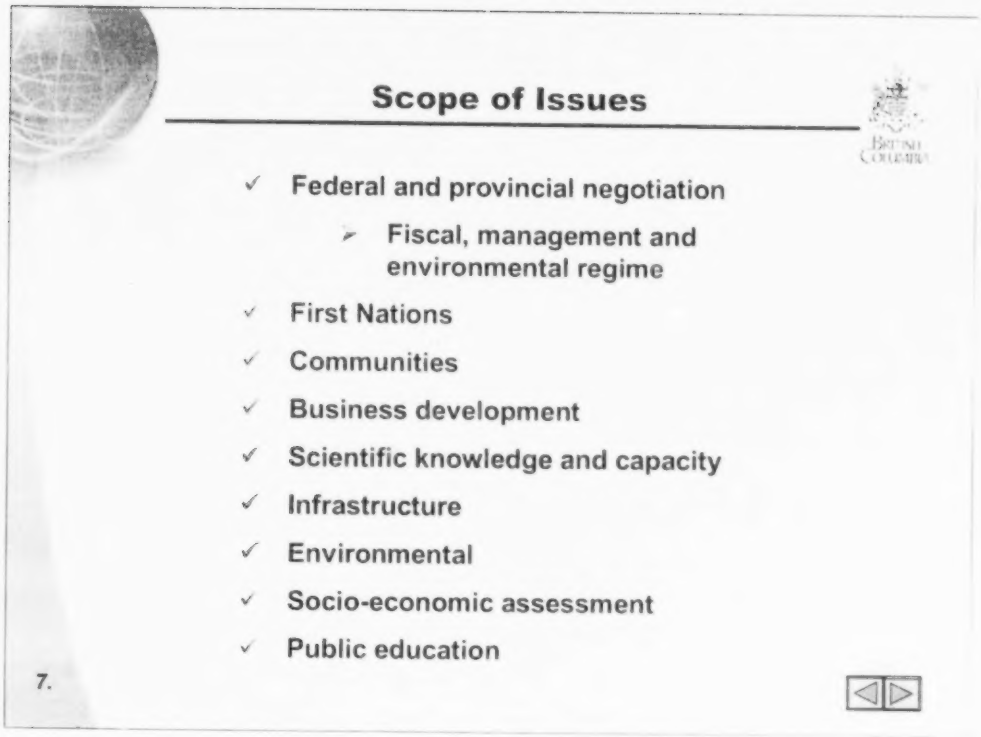
- All three of these reports identified questions and issues that must be addressed in order for development to take place. The Province is currently working on these questions.


Province's Response
$2 million grant to University of Northern British Columbia for:
scientific and technological research;
develop a work plan that responds to the recommendations of both reports.
Ongoing discussions with Canada, First Nations and communities.
6.

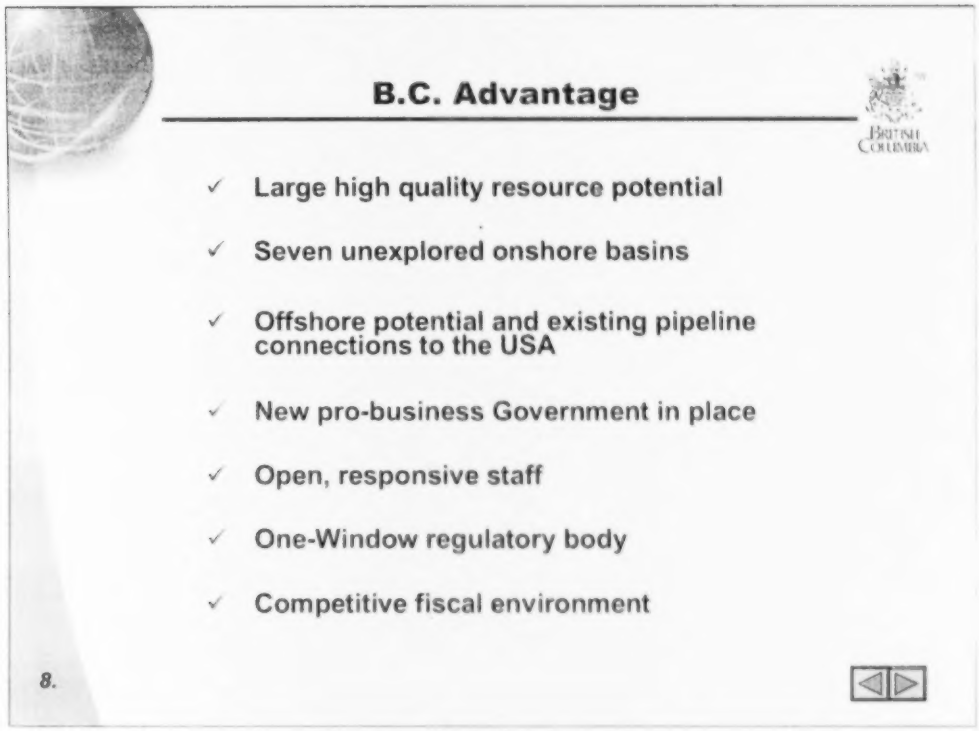
- The Province has provided the University of Northern British Columbia (UNBC) with a $2 million grant as part of its response to the Scientific Panel and Oil and Gas Task Force reports.

- UNBC has developed a workplan that will involve coordinating research at a number of levels and through a number of institutions.

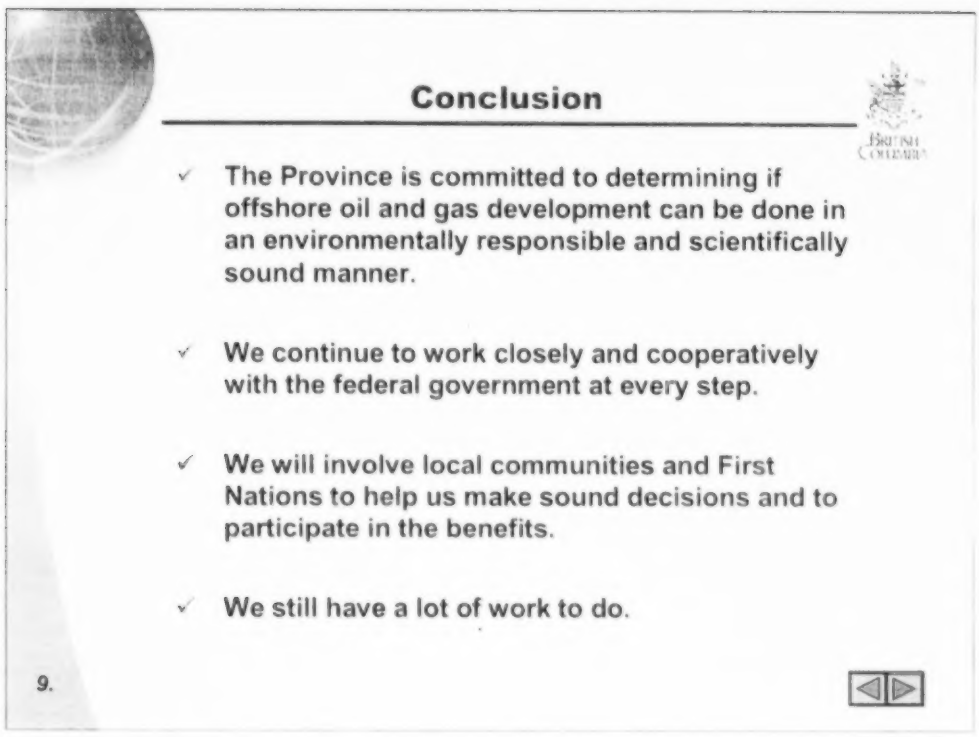
- The Province continues to discuss offshore development with the Federal Government, both at the political level and at the officials level. The Province and Canada have had formal discussions regarding science, economic and social development, and management regimes. The Province is encouraging the Federal Government to engage in a joint workplan.



- The issues we have to resolve in this process are numerous and varied ranging from First Nations issues, scientific issues and environmental assessment processes.


B.C. Advantage
BRITISH COLUMBIA
✓ Large high quality resource potential
✓ Seven unexplored onshore basins
✓ Offshore potential and existing pipeline connections to the USA
✓ New pro-business Government in place
✓ Open, responsive staff
✓ One-Window regulatory body
✓ Competitive fiscal environment
8.

- Advantage is that British Columbia is already plugged into the US market through a well-developed pipeline structure that is geographically part of North America; we have a solid infrastructure, a pro-business Government and we are a relatively inexpensive place to do business.


Conclusion
✓ The Province is committed to determining if offshore oil and gas development can be done in an environmentally responsible and scientifically sound manner.
✓ We continue to work closely and cooperatively with the federal government at every step.
✓ We will involve local communities and First Nations to help us make sound decisions and to participate in the benefits.
✓ We still have a lot of work to do.
9.

- The process will not be short.
- A moratorium on offshore development has been in place for 30 years.
- There are a lot of gaps in knowledge.
- The process will not be about only scientific and technological considerations, but socio-economic analysis too.
- We will continue working cooperatively with the Federal Government, communities and First Nations at every step.
- However, an industry will not appear over night. What role offshore development will play in Canada's oil natural gas supply picture is yet to be determined.